

COMMONWEALTH OF KENTUCKY
BEFORE THE PUBLIC SERVICE COMMISSION

In the Matter of:

THE APPLICATION OF MONROE COUNTY)	
WATER DISTRICT, OF MONROE COUNTY,)	CASE NO. 9589
KENTUCKY, FOR APPROVAL OF CON-)	
STRUCTION AND FINANCING)	

O R D E R

Monroe County Water District ("Monroe"), by application filed March 31, 1986, is seeking a certificate of public convenience and necessity for an \$823,100 waterworks improvements project, and approval of an \$823,100 plan of financing composed of \$39,400 from applicants for water service and \$783,700 Farmers Home Administration ("FmHA") funds (\$391,000 loan and \$392,700 grant).

The construction proposed by Monroe will extend service to about 197 applicants located on rural roads in the vicinity of Tompkinsville, Gamaliel and Flippin in the southern part of Monroe County.

The construction plans and specifications prepared by GRW Engineers, Inc., of Nashville, Tennessee, ("Engineer") have been approved by the Division of Water of the Natural Resources and Environmental Protection Cabinet.

A hearing was held in the offices of the Public Service Commission in Frankfort, Kentucky, on November 18, 1986. No intervenors appeared at the hearing and no objections to the proposed construction were received.

DISTRIBUTION SYSTEM HYDRAULICS

During the hearing a request was made that a comprehensive hydraulic analysis be done and filed with the Commission in order to afford a more complete understanding of the adequacy of the proposed improvements. On November 19, 1986, Monroe's attorney filed a motion requesting that Monroe be relieved of any requirement for supplemental hydraulic analyses reports. According to the Engineer's sworn testimony, the new construction will provide water service to Monroe's customers in accordance with Commission regulations. While the Commission is concerned about the adequacy of the analysis, it will accept the Engineer's testimony in this instance. The Commission, upon consideration of the time constraints and the Engineer's testimony, will sustain the Motion.

Monroe is, however, reminded of its obligation to provide continuous, adequate, reliable and efficient service. After the proposed construction is completed, Monroe should make periodic measurements of actual system pressures to evaluate compliance with Commission requirements. The 0.3 miles of highest elevation on KY 63 that begins about 0.4 miles from the KY 1366 junction should be monitored very closely, since the Engineer's analysis indicates that the maintenance of required service pressures is critical at this point.

FINDINGS AND ORDERS

The Commission, after consideration of the application and evidence of record and being advised, is of the opinion and finds that:

1. Public convenience and necessity require that the construction proposed in the application and record be performed and that a certificate of public convenience and necessity be granted.

2. The proposed project includes the construction of about 21.42 miles (113,340 feet) of distribution system pipeline (24,820 feet of 4-inch, 88,060 feet of 6-inch and 460 feet of 8-inch); 197 metered service connections; a booster-pumping station located at Tompkinsville; a booster pumping station with telemetry receiver located on KY 87 near Gamaliel; a 125,000-gallon storage tank with telemetry transmitter located on KY 100 near Flippin; a master meter station at Tompkinsville; air release valves; gate valves and other miscellaneous construction and appurtenances.

3. The low bids totaled \$558,853 (\$470,213 for distribution system construction and \$88,640 for the storage tank). The funding required for this work will be approximately \$723,100 including engineering design fees, legal fees, resident inspection, interest during construction and a construction contingency. The available funding of \$823,100 should be adequate for completion of the work as bid October 30, 1986, including construction contingencies and also provide about \$95,000 for additional construction.

4. Without a storage tank to provide service pressure and flow equalization along KY 100 east of Tompkinsville, a constant running pumping station is required to supply this area. The Natural Resources and Environmental Protection Cabinet's Division of Water approval letter of May 7, 1986, states, "the constant

running booster station located on Highway 100 is approved as a temporary measure only. The Monroe County Water District must begin immediately to develop plans and specifications and seek funding for adequate elevated storage for this area. This pump station in the interim shall serve no more than 50 service connections."

Monroe has estimated the cost of the required storage tank to be about \$90,000. This amount is less than the underrun resulting from the bids received October 30, 1986. Monroe should, therefore, proceed with the preparation of plans, specifications and other documents that are needed to advertise for bids to construct the tank. Monroe is reminded that KRS 278.020 requires Commission approval before actual construction of the tank is begun.

5. Any deviations from the construction herein approved which could adversely affect service to any customer should be done only with the prior approval of this Commission.

6. Monroe should furnish duly verified documentation of the total costs of this construction including all capitalized costs (engineering, legal, administrative, etc.) within 60 days of the date that construction is substantially completed. Said costs should be classified into appropriate plant accounts in accordance with the Uniform System of Accounts for Water Utilities prescribed by this Commission.

7. Monroe should require the Engineer to provide full-time resident inspection under the general supervision of a professional engineer with a Kentucky registration in civil or mechanical engineering to insure that the construction work is

done in accordance with the contract plans and specifications and in conformance with the best practices of the construction trades involved in the project.

8. Monroe should require the Engineer to furnish a copy of the "as-built" drawings and a signed statement that the construction has been satisfactorily completed in accordance with the contract plans and specifications within 60 days of the date of substantial completion of this construction.

9. A 5/8-inch x 3/4-inch meter should be the standard customer service meter for all new customers and should be installed at all points of service unless the customer provides sufficient justification for the installation of a larger meter.

10. The \$823,100 financing plan proposed by Monroe for its proposed construction is for lawful objects within its corporate purposes, is necessary and appropriate for and consistent with the proper performance of its services to the public and will not impair its ability to perform these services, is reasonably necessary and appropriate for such purposes and should, therefore, be approved.

IT IS THEREFORE ORDERED that:

1. Monroe be and it hereby is granted a certificate of public convenience and necessity to proceed with the proposed construction as set forth in the plans and specifications of record herein.

2. Monroe's plan of financing consisting of applicant contributions in the amount of \$39,400, a loan from the FmHA in the amount of \$391,000 with an interest rate of 5 percent and a


40-year term, and a grant from the FmHA in the amount of \$392,700 be and it hereby is approved.

3. Monroe shall comply with all matters set out in Findings 4 through 9 as if the same were individually so ordered.

Nothing contained herein shall be deemed a warranty of the Commonwealth of Kentucky, or any agency thereof, of the financing authorized herein.

Done at Frankfort, Kentucky, this 21st day of January, 1987.

PUBLIC SERVICE COMMISSION


Chairman


Vice Chairman


Commissioner

ATTEST:

Executive Director